
March 30, 2006

**ADVICE 1986-E
(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Tariff Revisions Necessary to Set Forth the 2006 Public Goods Target Funding Levels, the 2006 Procurement Energy Efficiency Program Funding Levels, and to Establish the Methodology for Determining the 2006-2008 Authorized Revenues for the PEEBA from the Authorized Energy Efficiency Revenues Established in Decision 05-09-043, Decision 05-11-011 and Advice 1936-E

In compliance with Public Utilities Code §399.8, Resolution E-3792, Decision (D.) 05-09-043, D.05-11-011 and Advice 1936-E, Southern California Edison Company (SCE) hereby submits for filing the following changes to its tariff schedules. The revised tariff sheets are listed on Attachment A and are attached hereto.

PURPOSE

Pursuant to Public Utilities (P.U.) Code §399.8, and Resolution E-3792, SCE is revising Preliminary Statement, Part FF, Public Purpose Programs Adjustment Mechanism (PPPAM) to establish the Public Goods target funding amounts for 2006. SCE's Public Goods target funding is composed of three components; 1) PGC-related Energy Efficiency; 2) California Energy Commission (CEC) administered Research, Development and Demonstration; and 3) CEC administered Renewables. In addition, pursuant to Ordering Paragraph No. 4 of D.05-09-043, the PPPAM is being revised to establish the methodology for determining the 2006-2008 annual authorized funding for procurement energy efficiency. This funding is residually determined by subtracting the PGC-related Energy Efficiency funding (determined pursuant to P.U. Code §399.8 and Resolution E-3792) from the total annual energy efficiency funding levels adopted in D.05-09-043 and D.05-11-011. Additionally, Preliminary Statement, Part GG, Energy Efficiency Program Adjustment Mechanism (EEPAM) is being modified to update language necessary to reflect the current energy efficiency programs.

INFORMATION

A. 2006 Public Goods Target Funding Adjustments

On December 17, 2002, the California Public Utilities Commission (Commission) issued Resolution E-3792 implementing P.U. Code §399.8. Resolution E-3792 established Public Goods target amounts for SCE in 2002. In addition, Resolution E-3792 set forth a methodology for adjusting these target amounts each subsequent year. The Commission requires SCE to file its annual Public Goods target amounts on or by March 31st of each year through 2011. By applying the Commission-adopted adjustment methodology, the following are the Public Goods target funding amounts for 2006, and the changes from the currently effective 2005 target funding amounts:

Public Goods Target Funding Amounts¹ (\$000)

	Currently <u>Effective</u>	<u>2006</u>	<u>Change</u>
Energy Efficiency	94,462	96,446	1,984
Renewables	58,041	59,260	1,219
RD&D	<u>26,870</u>	<u>27,434</u>	<u>564</u>
Total	179,373	183,140	3,767

Appendix A, attached hereto, supports SCE's determination of the 2006 Public Goods target funding amounts.

B. Methodology for Determining the 2006-2008 Authorized Revenues for the PEEBA

SCE filed its application for approval of its 2006-2008 Energy Efficiency program plans and Public Goods Charge (PGC) and Procurement funding on June 1, 2005. In this application, SCE requested the approval of its 2006-2008 Energy Efficiency program plans and funding requests, specifically requesting funding of (1) its existing Energy Efficiency-related PGC; and (2) an increase in its Procurement Energy Efficiency funding.²

Interim D.05-09-043 authorized 2006-2008 energy efficiency portfolio plans and funding levels for SCE, with the exception of requested funding for Evaluation, Measurement and Verification (EM&V). The 2006-2008 EM&V funding levels were authorized by D.05-11-011 and Advice 1936-E.

¹ These Public Goods target funding amounts do not include an allowance for Franchise Fees and Uncollectibles.

² Both the PGC-related Energy Efficiency costs and the Procurement Energy Efficiency costs are recovered in SCE's Public Purpose Program Charge (PPPC).

Since the 2006-2008 Energy Efficiency authorized revenues include both the Energy Efficiency-related PGC and the PEEBA-related funding, Ordering Paragraph 4 of D.05-09-043 addresses how the total authorized revenue for energy efficiency programs will be allocated between the Energy Efficiency-related PGC and the procurement-related energy efficiency funding. As established by Resolution E-3792, SCE will continue to file advice letters by March 31st of each year to establish and recover the authorized electric public goods charge, including the annual adjustment to the PGC-related energy efficiency funding. The remaining portion of the total authorized Energy Efficiency funding amount shall be procurement-related funding and shall be collected as part of the PPPC.

In order to ensure that SCE determines its PEEBA authorized revenue in accordance with this decision, SCE is modifying the PPPAM, to include the methodology for residually determining the authorized revenue for the procurement energy efficiency funding.

C. 2006 – 2008 Energy Efficiency Funding Levels and Residual Determination of 2006 PEEBA Authorized Revenue

D.05-09-043 established SCE's 2006-2008 Energy Efficiency funding levels excluding EM&V funding. The EM&V funding levels were determined in D.05-01-011. Ordering Paragraph 3 of D. 05-11-011 required the utilities to file a compliance advice letter explaining the methodology they used to allocate the total authorized EM&V funding levels between the utilities. On December 5, 2005, the utilities filed a joint Advice (SCE Advice 1936-E), detailing the methodology and allocation of EM&V funding levels between the utilities. The following table represents SCE's 2006-2008 Energy Efficiency funding levels including EM&V.

SCE's Authorized 2006-2008 Energy Efficiency (EE) Funding Levels³

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Authorized EE ⁴	\$216,574,075	\$225,111,946	\$233,145,977
Authorized EM&V ⁵	\$ 14,082,529	\$ 17,412,344	\$ 22,305,368
Total Authorized EE	\$230,656,604	\$242,524,289	\$255,451,345

³ These Authorized 2006-2008 Energy Efficiency funding levels do not include an allowance for Franchise Fees and Uncollectibles.

⁴ D.05-09-043, p. 3.

⁵ Ordering Paragraph 3, D. 05-11-011; Advice 1936-E.

Using the methodology described in Section B above and the 2006 Energy Efficiency Public Goods target funding amount of \$96,446,000 contained in Section A above, the 2006 PEEBA funding levels are residually determined as follows:

	<u>2006</u>
Authorized Energy Efficiency (EE) Revenue	\$230,656,604
Less: Energy Efficiency (EE) Public Goods Funding	<u>\$ 96,446,000</u>
Procurement Energy Efficiency Program (PEEBA)	<u>\$134,210,604</u>

On February 4, 2006, in Advice 1962-E, SCE implemented revised rates that already reflect the 2006 Authorized Energy Efficiency funding level of \$230,656,604. The increase in the Renewables and RD&D PGC target funding amounts will be included in SCE's next consolidated rate change.

EFFECTIVE DATE

This advice filing will become effective on the 30th calendar day after the date filed, which is April 29, 2006.

NOTICE

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Akbar Jazayeri
Vice President of Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Bruce Foster
Senior Vice President of Regulatory Operations
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile: (415) 673-1116
E-mail: Karyn.Gansecki@sce.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section III, Paragraph G, of General Order No. 96-A, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-A service list and A.05-06-015. Address change requests to the GO 96-A service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-4039. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <http://www.sce.com/AboutSCE/Regulatory/adviceletters>.

For questions, please contact Jill Holmes at (626) 302-4962 or by electronic mail at Jill.Holmes@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:mm
Enclosures

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)	
Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)	
Utility type: <input checked="" type="checkbox"/> ELC <input type="checkbox"/> GAS <input type="checkbox"/> PLC <input type="checkbox"/> HEAT <input type="checkbox"/> WATER	Contact Person: James Yee Phone #: (626) 302-2509 E-mail: James.Yee@sce.com
EXPLANATION OF UTILITY TYPE ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	(Date Filed/ Received Stamp by CPUC)
Advice Letter (AL) #: 1986-E	
Subject of AL: Tariff Revisions Necessary to Set Forth the 2006 Public Goods Target Funding Levels, the 2006 Procurement Energy Efficiency Program Funding Levels, and to Establish the Methodology for Determining the 2006-2008 Authorized Revenues for the PEEBA from the Authorized Energy Revenues Established in Decision 05-09-043, Decision 05-11-011 and Advice 1936-E	
Keywords (choose from CPUC listing): Compliance, Procurement, Energy Efficiency	
AL filing type: <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input checked="" type="checkbox"/> Annual <input type="checkbox"/> One-Time <input type="checkbox"/> Other	
If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: E-3792, D.05-11-011 and D.05-09-043	
Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:	
Summarize differences between the AL and the prior withdrawn or rejected AL ¹ :	
Resolution Required? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Requested effective date: 4/29/06	No. of tariff sheets: 10
Estimated system annual revenue effect: (%)	
Estimated system average rate effect (%)	
When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).	
Tariff schedules affected: Preliminary Statements Part FF, GG and Table of Contents	
Service affected and changes proposed ¹ :	
Pending advice letters that revise the same tariff sheets:	

¹ Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Akbar Jazayeri
Vice President, Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Bruce Foster
Senior Vice President of Regulatory Operations
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile: (415) 673-1116
E-mail: Karyn.Gansecki@sce.com

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 40523-E	Preliminary Statement Part FF	Revised 38250-E
Original 40524-E	Preliminary Statement Part FF	
Revised 40525-E	Preliminary Statement Part FF	Revised 38296-E
Revised 40526-E	Preliminary Statement Part FF	Revised 38252-E
Revised 40527-E	Preliminary Statement Part FF	Revised 34450-E
Revised 40528-E	Preliminary Statement Part FF	Revised 36605-E
Revised 40529-E	Preliminary Statement Part FF	Revised 36299-E
Revised 40530-E	Preliminary Statement Part GG	Revised 30277-E
		Revised 27699-E
Revised 40531-E	Table of Contents	Revised 40504-E
Revised 40532-E	Table of Contents	Revised 40505-E

PRELIMINARY STATEMENT

Sheet 1

FF. PUBLIC PURPOSE PROGRAMS ADJUSTMENT MECHANISM

1. Purpose

The purpose of the Public Purpose Programs Adjustment Mechanism (PPPAM) is to record (1) Public Goods Charge (PGC) Revenue; (2) PGC expenses authorized in P.U. Code §399.8; (3) other CPUC Public Purpose Program Revenue; and (4) other CPUC-authorized Public Purpose Program expenses.

2. Definitions

a. Authorized PGC-Related Expenses:

Pursuant to Resolution E-3792, the CPUC has allocated the total statewide annual Public Goods Charge (PGC) funding of \$425.5 million mandated in P.U. Code §399.8 between the three Investor-Owned Utilities. The CPUC allocated the following amounts to SCE effective as follows:

	01/01/2002 (\$millions)
Energy Efficiency (SCE Administered)	90.0
RD&D (CEC Administered)	25.6
Renewables (CEC Administered)	55.3
Total	170.9

Subsequent Authorized Amounts:

	01/01/2003 (\$millions)	01/01/2004 (\$millions)
Energy Efficiency (SCE Administered)	91.0	92.519
RD&D (CEC Administered)	25.9	26.317
Renewables (CEC Administered)	55.9	56.847
Total	172.8	175.683

	01/01/2005 (\$millions)	01/01/2006 (\$millions)
Energy Efficiency (SCE Administered)	94.462	96.446
RD&D (CEC Administered)	26.870	27.434
Renewables (CEC Administered)	58.041	59.260
Total	179.373	183.140

b. Authorized Procurement Energy Efficiency Annual Funding Levels:

Pursuant to D.05-09-043, for the years 2006 through 2008, SCE shall update its annual procurement energy efficiency authorized funding levels to reflect the most current Commission-adopted revenue requirements adopted in its Energy Efficiency Program Plans and Public Goods Charge and Procurement Funding Request proceeding. Pursuant to D.05-09-043, SCE shall subtract the annual Energy Efficiency PGC authorized funding amount as determined by the PGC Annual Adjustments in Section 4. and identified above, from the total annual authorized Energy Efficiency-related funding adopted by the Commission in D.05-09-043, D.05-11-011 and Advice 1936-E.

(N)

(T)

(N)

(L)

(Continued)

(To be inserted by utility)

Advice 1986-E
Decision 05-09-043
05-11-011

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Issued by

Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed Mar 30, 2006
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 2

(Continued)

FF. PUBLIC PURPOSE PROGRAMS ADJUSTMENT MECHANISM

2. Definitions (Continued)

D.05-09-043	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>TOTAL</u>	(N)
Authorized EE Budget	\$ 216,574,075	\$ 225,111,946	\$ 233,145,977	\$ 674,831,998	
Authorized EM&V Budget	<u>\$ 14,082,529</u>	<u>\$ 17,412,344</u>	<u>\$ 22,305,368</u>	<u>\$ 53,800,240</u>	
Total Authorized EE Budget	\$ 230,656,604	\$ 242,524,289	\$ 255,451,345	\$ 728,632,238	
LESS:					
PGC Non-procurement					
EE as determined		TBD	TBD		
By Section 4.	\$ 96,446,000	<u>March 2007</u>	<u>March 2008</u>		
Total Authorized		TBD	TBD		(N)
Procurement EE	\$ 134,210,604	March 2007	March 2008		

- c. Franchise Fees and Uncollectibles Accounts Expense: (L) (T)
- Franchise Fees and Uncollectibles Accounts Expense (FF&U) shall be the CPUC-authorized rate derived from SCE's most recent General Rate Case (GRC) decision to provide for Franchise Fees and Uncollectible accounts expense. (L)

(Continued)

(To be inserted by utility)

Advice 1986-E
Decision 05-09-043
2D6 05-11-011

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Resolution _____

PRELIMINARY STATEMENT

Sheet 3

(Continued)

FF. PUBLIC PURPOSE PROGRAMS ADJUSTMENT MECHANISM

2. Definitions (Continued)

d. Authorized PGC Revenue Requirement: (T)

The Total Authorized PGC Revenue Requirement shall equal the Authorized PGC-Related Expenses in rate levels plus an amount associated with FF&U.

e. Other CPUC Authorized PPP Revenue Requirement: (T)

The Total Other CPUC Authorized PPP Revenue Requirement shall reflect the revenue requirement in rate levels authorized by the Commission for all Public Purpose Programs other than those programs included in the Total Authorized PGC Revenue Requirement.

f. Total Authorized Public Purpose Programs Revenue Requirement: (T)

The Total Authorized Public Purpose Programs Revenue Requirement shall equal the total Public Purpose Programs revenue requirement in rate levels authorized by the Commission, equaling the sum of the Total Authorized PGC Revenue Requirement and the Total Other CPUC Authorized PPP Revenue Requirement.

g. PGC Billed Revenues: (T)

Shall be determined each month as follows:

$$(A / B) * C$$

Where:

A = Authorized PGC Revenue Requirement
B = Total Authorized Public Purpose Programs Revenue Requirement
C = Total recorded billed Public Purpose Programs revenues, adjusted to remove the CARE Surcharge.

h. PGC Unbilled Revenues: (T)

Unbilled Revenues are accrued ("earned" revenue for financial statement purposes) PGC revenues associated with electric customer kWh usage that has not yet been billed by SCE. (PGC Unbilled Revenues will be allocated using the same percentage as used to determine the PGC Billed Revenue.)

i. PGC Revenue: (T)

- (1) PGC Billed Revenue;
- (2) Plus: the change (plus or minus) in the amount of PGC Unbilled Revenues (i.e., the reversal of prior month's estimate, plus the current month's estimate);
- (3) Less: a provision for FF&U.

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(To be inserted by utility)

Advice 1986-E

Decision 05-09-043

3D6 05-11-011

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Vice President

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Date Filed Mar 30, 2006

Effective _____

Resolution _____

PRELIMINARY STATEMENT

Sheet 4

(Continued)

FF. PUBLIC PURPOSE PROGRAMS ADJUSTMENT MECHANISM

2. Definitions (Continued)

j. Other CPUC PPP Billed Revenues: (T)

Shall be determined each month as follows:

$$(A / B) * C$$

Where:

A = Other CPUC Authorized PPP Revenue Requirement

B = Total Authorized Public Purpose Programs Revenue Requirement

C = Total recorded billed Public Purpose Programs revenues, **adjusted to** (T)
remove the CARE surcharge. (T)

k. Other PPP Unbilled Revenues: (T)

Unbilled Revenues are accrued ("earned" as revenue for financial statement purposes) Other PPP revenues associated with electric customer kWh usage that has not yet been billed by SCE. (Other PPP Unbilled Revenues will be allocated using the same percentage as used to determine the Other PPP Billed Revenue.)

l. CPUC Other PPP Revenue: (T)

- (1) PGC Billed Revenue;
- (2) Plus: the change (plus or minus) in the amount of Other PPP Unbilled Revenues (i.e., the reversal of prior month's estimate, plus the current month's estimate);
- (3) Less: a provision for FF&U.

m. Interest Rate: (T)

The Interest Rate shall be the most recent monthly interest rate on Commercial Paper (prime, three months), published in the Federal Reserve Statistical Release, G.13. Should publication of the interest rate on Commercial Paper (prime, three months) be discontinued, interest shall so accrue at the rate of the most recent **monthly** interest rate on Commercial Paper that most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release G.13, or its successor publication. (T)

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(To be inserted by utility)

Advice 1986-E

Decision 05-09-043

4D6 05-11-011

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Vice President

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Date Filed Mar 30, 2006

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Resolution _____

PRELIMINARY STATEMENT

Sheet 5

(Continued)

FF. PUBLIC PURPOSE PROGRAMS ADJUSTMENT MECHANISM

3. Operation of the PPPAM

SCE shall maintain the PPPAM commencing on the date authorized by the CPUC. Entries to the PPPAM shall be made on a monthly basis from the following calculations (excluding FF&U):

A. PGC Balancing Account (Legislatively Mandated)

Resolution E-3792 authorizes SCE to collect and track the program funds set forth in Section No. 2 (a), above, along with interest earned on collected funds, in separate balancing accounts. This tracking began on January 1, 2002.

1. Credit equal to PGC Revenue;
2. Debit equal to **non-procurement related authorized** Energy Efficiency revenue requirement (the annual authorized amount as set forth in Section 2.a. above, divided by twelve); (T)
3. Debit equal to Research, Development and Demonstration (RD&D) costs revenue requirement (the annual authorized amount as set forth in Section 2.a. above, divided by twelve);
4. Debit equal to Renewables revenue requirement (the annual authorized amount as set forth in Section 2.a. above, divided by twelve);

The sum of the items (1) through (4) equals the activity recorded in the PGC Balancing Account each month.

SCE shall make payments to the CEC at the end of each quarter equal to the annual authorized amount of RD&D and Renewables expenses as set forth in Section 2.a. above, divided by four. The payments to the CEC shall include interest earned on collected funds, consistent with the treatment of these funds in P.U. Code Section 381. Consistent with Resolution E-3769 and Resolution E-3792, the interest rate shall be the State Pooled Money Investment Rate and shall be provided to SCE by the CEC. Energy Efficiency programs shall continue to be administered by SCE.

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(To be inserted by utility)

Advice 1986-E
Decision 05-09-043
5D6 05-11-011

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Date Filed Mar 30, 2006
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 6 (T)

(Continued)

FF. PUBLIC PURPOSE PROGRAMS ADJUSTMENT MECHANISM

3. Operation of the PPPAM (Continued)

B. CPUC Public Purpose Programs Balancing Account

1. Credit equal to other CPUC PPP Revenue;
2. Debit equal to Low Income Energy Efficiency (LIEE) revenue requirement (the annual CPUC-authorized amount, divided by twelve);
3. Debit equal to California Alternate Rates for Energy (CARE) Administrative Costs revenue requirement (the annual CPUC-authorized amount, divided by twelve);
4. Debit equal to recorded monthly incremental administrative and general expenses associated with the CARE Program which are defined as costs, including labor overheads resulting from performing incremental activities which would not have been incurred absent the CARE Program.
5. Debit equal to recorded Intervenor Compensation costs, as authorized by the CPUC;
6. Debit equal to the annual transfers from the following:
 - (1) RD&D Royalties Memorandum Account; ^{1/}
 - (2) Energy Efficiency DSM Memorandum Account
7. Debit equal to the transfers from the following, subsequent to CPUC approval;
 - (1) Energy Efficiency Program Adjustment Mechanism (EEPAM);
 - (2) DSM Adjustment Clause (DSMAC);
 - (3) Low Income Energy Efficiency Program Adjustment Mechanism; and
 - (4) Invest^{SCE} Pilot Program Adjustment Mechanism
8. Debit equal to recorded Cool Centers program costs for Summer 2003 (not to exceed \$400,000).
9. Debit equal to one-twelfth of the annual authorized incremental procurement-related energy efficiency revenue requirement.
10. Debit equal to other amounts as authorized by the CPUC;

The sum of the items (1) through (10) equals the activity recorded in the CPUC Public Purpose Programs Balancing Account each month.

Interest shall accrue monthly to the PPPAM by applying the Interest Rate to the average of the beginning and ending monthly PPPAM balances.

^{1/} Disposition of these balances are pending in Application 00-03-047, Regulatory Account Balance Transfer Proceeding.

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(To be inserted by utility)

Advice 1986-E
Decision 05-09-043
^{6D7} 05-11-011

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(To be inserted by Cal. PUC)

Date Filed Mar 30, 2006
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 7 (T)

(Continued)

FF. PUBLIC PURPOSE PROGRAMS ADJUSTMENT MECHANISM

4. PGC Annual Adjustments

Pursuant to Resolution E-3792 and consistent with P.U. Code §399.8, SCE shall file an advice letter on or before March 31st of each year through 2011 to adjust the annual PGC authorized revenue requirements. The annual adjustment shall be determined as follows:

- a. Determine the actual percentage change in electric sales (based on quantity). For the first adjustment determination to be submitted in March, 2003, the actual percentage change shall be the change between 2001 and 2002;
- b. Determine the percentage change in prices as measured by the change in the GDP deflator, as published by the U.S. Department of Commerce. For the first adjustment determination, SCE shall use the change in the GDP deflator in 2002;
- c. The lower percentage amount determined in "a" and "b", above, shall be used to adjust the authorized PGC revenue requirements.

If the lower of sales change and price change is negative in any one year, authorizations for the subsequent year shall remain constant. If the GDP deflator statistics for 2002 are not finalized by the U.S. Department of Commerce by March 31, 2003, or for any subsequent year, SCE should use the most recent published forecast for this advice letter filing and true-up the adjustment through an amended filing once the Department of Commerce publishes a final statistic.

5. Public Purpose Programs Charge Rate Level Changes:

Pursuant to D.04-01-048 and D.04-03-023, SCE shall update its Public Purpose Programs Charge rate levels to reflect the most current Commission-adopted revenue requirements in its August Energy Resource Recovery Account (ERRA) application. The balance forecast to be recorded in the PPPAM (either overcollected or undercollected on December 31st of the current year, plus an amount for FF&U, shall be included in the Public Purpose Programs Charge revenue requirement to either be returned to, or recovered from, SCE's retail electric customers in Public Purpose Programs Charge rate levels. Prior to implementing consolidated commission-authorized revenue requirements and unfunded rate levels to recover those revenue requirements, the PPPAM balance will be updated to reflect the latest recorded balance available.

6. Review Procedures

Pursuant to D.04-01-048 and D.04-03-023, the recorded operation of the PPPAM for the Record Period (or previous calendar year 12-month period) shall be reviewed by the Commission in SCE's annual April ERRA application to ensure that the entries made in the PPPAM are stated correctly and are consistent with Commission decisions.

SCE shall provide a monthly report showing the activity in the PPPAM to Energy Division within 30 days of the end of each month.

(To be inserted by utility)

Advice	<u>1986-E</u>
Decision	<u>05-09-043</u>
	<u>05-11-011</u>

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Issued by

<u>Akbar Jazayeri</u>
<u>Vice President</u>

(To be inserted by Cal. PUC)

Date Filed	<u>Mar 30, 2006</u>
Effective	<u></u>
Resolution	<u></u>

PRELIMINARY STATEMENT

Sheet 1

GG. Energy Efficiency Program Adjustment Mechanism (EEPAM)

1. Purpose:

The purpose of the EEPAM is to track the difference between actual incurred non procurement-related PGC Energy Efficiency costs and authorized non-procurement PGC Energy Efficiency revenue requirements. The EEPAM is established in accordance with Ordering Paragraph No. 13 of D.97-12-103. (T)

2. Applicability:

The EEPAM applies to all rate schedules and special contracts subject to the jurisdiction of the Commission.

3. Operation of the Energy Efficiency Programs Adjustment Mechanism (EEPAM): (T)

Entries made to the EEPAM at the end of the month shall be determined by the following calculation: (D)

a. A debit entry equal to actual non procurement PGC energy efficiency program expenses incurred during the month (T)

b. A credit entry equal to one twelfth of the energy efficiency annual authorized non procurement PGC revenue requirement as set forth in Preliminary Statement FF., Public Purpose Programs Adjustment Mechanism (PPPAM), Section 2.a. (T)

c. A credit entry equal to Other Operating Revenues resulting from non procurement-related energy efficiency programs. (T)

If the above calculation produces a positive amount (undercollection), such amount will be debited to the EEPAM. If the calculation produces a negative amount (overcollection), such amount will be credited to the EEPAM. (T)

Interest will accrue monthly to the EEPAM by applying one twelfth of the Interest Rate to the average of the beginning and ending balance in the EEPAM. The Interest Rate shall be the interest rate on Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release H.15, or its successor. (T)

Disposition of amounts in this account shall be determined in a proceeding expressly authorized by the Commission. The balance in this account shall be transferred to the Public Purpose Programs Adjustment Mechanism (PPPAM) upon Commission approval. (T)

(D)

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APPENDIX A

Southern California Edison Company Public Goods Charge Adjustment

2006

Determination of Adjustment Percentage

Lessor of the following:

I Actual percentage change in electric sales (GWhs):

2004	84,494
2005	86,265

% Change	2.10% ✓
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II GDP Deflator change for 2005 (as published by the U.S. Department of Commerce):

% Change	2.80%
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Adjusted PGC Target Funding Amounts (amounts are in thousands)

	Adopted in Advice 1883-E		
	2005	Adjustment	2006
Energy Efficiency	94,462	1.0210	96,446
Renewables	58,041	1.0210	59,260
RD&D	26,870	1.0210	27,434
Total	179,373		183,140

Gross Domestic Product:
Implicit Price Deflator
2000=100, Seasonally Adjusted
Source: U.S. Department of Commerce, Bureau of Economic Analysis
Release date: 2/28/2006

DATE	GDPDEF	Change
2004	109.099	1.028
2005	112.134	